



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

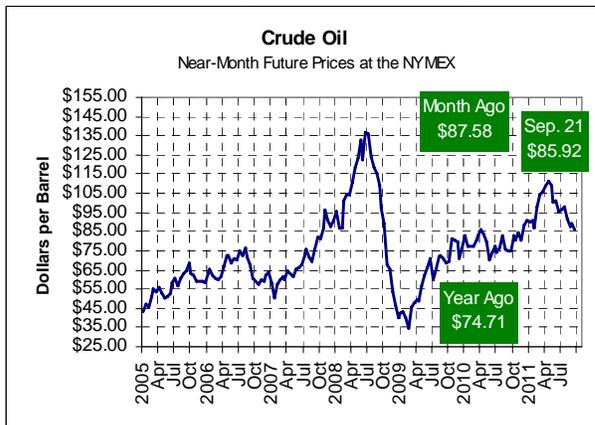
Sept. 27, 2011

Crude Oil

U.S. crude oil prices decreased \$1.66 to \$85.92 per barrel in the past month but stand 15 percent higher than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	09-21-11	08-17-11	change	09-22-10	change
NYMEX	\$85.92	\$87.58	down 2%	\$74.71	up 15%

- At the New York Mercantile Exchange (NYMEX) crude oil futures for Nov. delivery ended \$1.00, or 1.2 percent, lower Sept. 21 to close at \$85.92 per barrel, after the Federal Reserve announced plans to buy \$400 billion of long-term debt and said there are significant downside risks to the economic outlook. Futures fell as the Federal Reserve plans to replace some bonds in its portfolio with longer-term Treasuries to cut borrowing costs in an attempt to keep the economy from relapsing back into recession. Prices began to move lower after Moody's Investors Service downgraded the debt rating of Bank of America and Wells Fargo. The Fed's downbeat assessment of the economy leaves little room for increased petroleum demand in the short term.
- The U.S. government is more likely now than during the financial crisis that began in late 2007 to allow a large bank to fail should it become financially troubled, as the risks of contagion become less acute, Moody's analysts wrote in the report downgrading the Bank of America. Citigroup's short-term rating also was downgraded. Futures stumbled further as Federal Reserve Chairman Bernanke expanded use of unconventional monetary tools for a second straight meeting after nothing else has seemed to work; and the federal government lowered its estimate of 2nd-quarter growth. Commodities and equities extended losses on the Fed announcement, which confirmed market speculation that the central bank was planning an 'Operation Twist' similar to a program in the 1960s. The Standard & Poor's 500



Index declined 2.9 percent to 1,166.76.

- Compared to this time last year, the U.S. crude oil futures settlement price of \$89.34 is \$11.21, or 15 percent, higher.

- Total petroleum products supplied to market over the last four-week period ending Sept. 16 averaged 19.2 million barrels per day (MMB/D), down 0.9 percent compared to the similar period last year.
- According to the Sept. 21 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories decreased 7.3 MMB for the week ending Sept. 16. U.S. crude supplies are now 19.3 MMB lower than at this time last year.
- Crude imports for the week ending Sept. 16 were 8.3 MMB/D, down by over 0.2 MMB from the prior week. Imports at this time last year averaged over 9.3 MMB/D. Crude oil inventories represent 22.2 days of forward cover compared to 24 days at this time last year.
- U.S. refinery crude runs were up 243,000 barrels per day with refiners processing over 15.6 MMB/D of crude for the week ended Sept. 16. U.S. refinery capacity was 88.3 percent, up about 1.3 percent from the prior week and 1.5 percent higher than the 87.8 percent figure at this time last year.
- Gasoline output fell at 9.1 MMB/D on the week as supplies continued to increase and consumer demand remained flat. Gasoline output is down 43,000 barrels per day compared to last week but up 211,000 barrels per day compared to last year at this time. Distillate output decreased at 4.4 MMB/D for the week ending Sept. 16 and stands 169,000 barrels per day higher compared to the production level at this time last year.

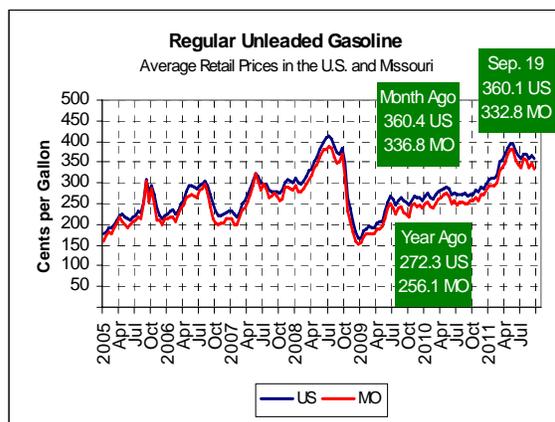
Transportation Fuels

On Sept. 19, Missouri's statewide average retail price for gasoline was \$3.32 per gallon, down 4 cents or 1 percent in the past month.

Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	09-19-11	08-15-11	change	09-20-10	change
US	360.1	360.4	down 0%	272.3	up 32%
Missouri	332.8	336.8	down 1%	256.1	up 30%

Diesel Fuel - Retail Prices (cents per gallon)					
	09-19-11	08-15-11	change	09-20-10	change
US	383.3	383.5	down 0%	296.0	up 29%
Missouri	371.6	373.3	down 0%	281.5	up 32%

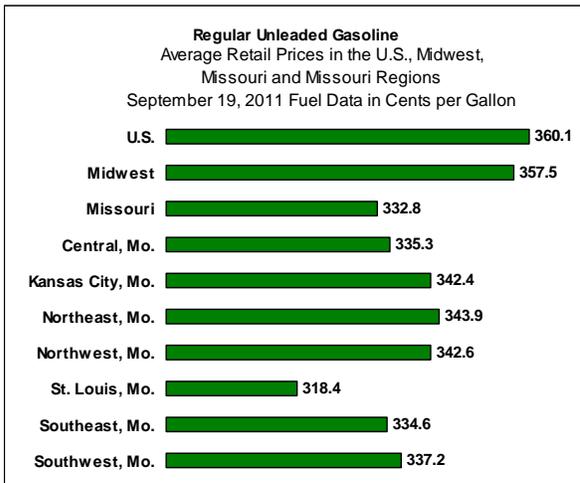
- On Sept. 19, Missouri's average retail price for gasoline was \$3.32, a decrease of 4.0 cents in the past month. The average price for diesel fuel was down by about 1.7 cents in the past month. Missouri's



average retail gasoline price is \$0.77 or 30 percent higher, while the average diesel fuel price is \$0.90, or 32 percent, higher for the comparable period in Sept. 2010.

- The U.S. average price for regular gasoline was down less than 1 cent per gallon compared to last month at \$3.60 per gallon. The U.S. average was about \$0.88 or 32 percent higher compared to this time last year. In the past week, the U.S. average decreased by less than 1 cent per gallon.

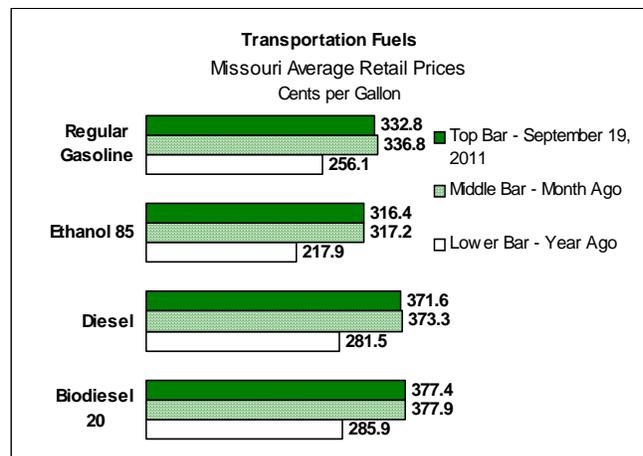
- Gasoline imports increased to nearly 0.7 MMB/D for the week ending Sept. 16; about 31,000 barrels per day higher compared to the prior week and 159,000 barrels per day lower than last year at this time.



- Implied demand for gasoline remained flat the week ended Sept. 16 at 8.8 MMB/D, up by less than 10,000 barrels per day from the prior week and 11,000 barrels per day higher compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged about 8.9 MMB/D, 156,000 barrels per day lower compared to the same 4-week period last year.

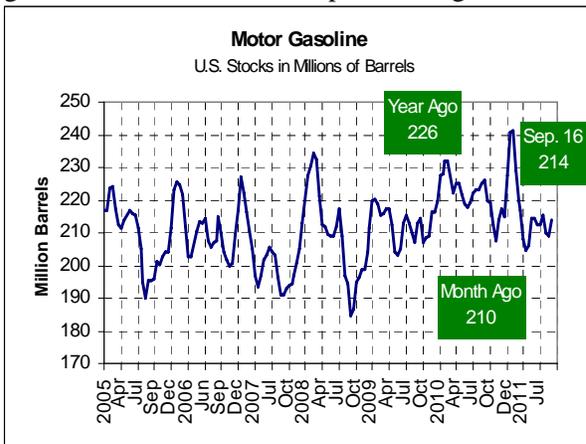
U.S. gasoline supplies increased 3.3 MMB at 214.1 MMB for the week ending Sept. 16. Gasoline inventories represent 23.9 days of supply for the United States based on implied demand during the past 4-week average. U.S. gasoline inventories are 12 MMB lower than at this time last year and trend well above the five-year average for this time of year.

- Distillate stocks decreased 0.9 MMB at 157.6 MMB and stand 17.2 MMB lower compared to the same period last year. Distillate demand was up at 3.8 MMB/D in the past week and up 186,000 barrels per day compared to the same period last year. On a four-week average, distillate demand is up 20,000 barrels compared to the same period last year at 3.86 MMB/D. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was up 217,000 barrels per day.



- On Sept. 19, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was \$3.16 per gallon, 16 cents or 5 percent lower than the average price for conventional motor gasoline.

- On Sept. 19, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.77 per gallon, 5.8 cents or about 2 percent, higher than the statewide average retail price for conventional diesel fuel.



- According to EIA's Sept. 7, 2011 *Short Term Energy Outlook*, EIA projects U.S. gasoline prices to average about \$3.72 per gallon during the peak driving season (April through September) and fall to \$3.47 in the fourth quarter of 2011. EIA expects the May national average price of \$3.91 per gallon will be the peak monthly average price this driving season.

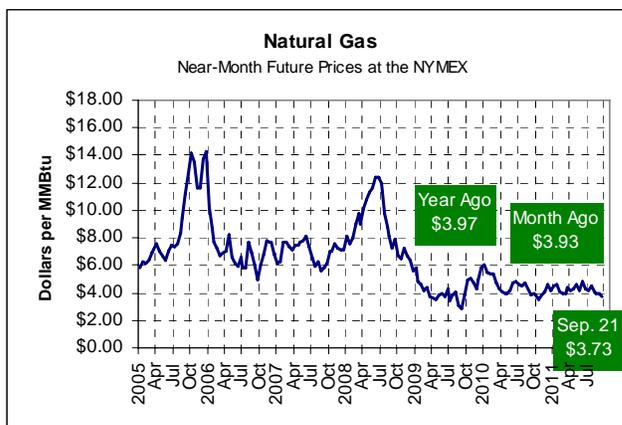
Natural Gas

Approximately 58 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On Sept. 21, natural gas futures closed at \$3.73 per MMBtu, down 20 cents from a month ago and down 6 percent compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	09-21-11	08-17-11	change	09-22-10	change
NYMEX	\$3.73	\$3.93	down 5%	\$3.97	down 6%

- Natural gas futures for Oct. delivery decreased \$0.20 in the past month to a final closing price of \$3.73 per MMBtu on Sept. 21.
- At the NYMEX, for the trading week ending Sept. 21, natural gas futures decreased 30.9 cents per MMBtu to \$3.73.
- Natural gas futures and spot prices declined across the board last week, as mild fall temperatures reduced air conditioning demand. Most declines were in the double digits, and prices at many trading points fell more than 20 cents over the report week. Total consumption fell this week by 0.7 percent.



While power burn dropped in response to cooler temperatures, these declines were partially offset by increases in demand by the other sectors.

- Production of natural gas this week was robust, as dry production rose by 1.1 percent. Production remains substantially greater than year-ago levels. Canadian imports rose by 0.3 percent, with imports to the Midwest increasing by almost 10 percent. LNG send out continued to languish, averaging 385 million cubic feet (MMcf) during the report week,

which is more than 54 percent less than send out during the same week last year. Though imports from Canada increased this week, they too remain below last year's levels. Robust domestic production has reduced the need for imports of natural gas.

- Working gas in storage as of Sept. 16 totaled 3,201 Bcf, 1.1 percent below the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. U.S. natural gas supplies are 129 Bcf or 3.9 percent lower than last year at this time.

Propane

Approximately 13 percent (293,603) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

(Note: Beginning Apr. 2011, residential retail propane prices will be reported only for the first full week of each month through Sept. 2011)

On Sept. 6, the average Missouri retail price for residential propane was about \$1.99 per gallon, down less than 1 cent per gallon from last month and 16 percent higher compared to last year at this time.

Propane - Retail Prices (cents per gallon)					
	<u>09-06-11</u>	<u>08-01-11</u>	<u>change</u>	<u>09-07-10</u>	<u>change</u>
Missouri	199.6	200.5	down 0%	171.7	up 16%

- According to the Division of Energy's statewide propane price survey conducted Sept. 6, retail residential propane prices were down by less than 1 cent in the past month and stand nearly 28 cents per gallon or 16 percent higher than last year at this time.
- According to the survey conducted Sept. 6, the highest Missouri retail residential price for propane was nearly \$2.50 per gallon while the lowest retail price was \$1.79 per gallon.
- For the week ending Sept. 16, U.S. inventories of propane increased as total stocks were up 614,000 barrels to end at 55.4 million barrels. Propane inventories are now 8.3 MMB lower compared to the same period last year. Implied demand for propane increased 81,000 barrels for the week ending Sept. 16 but down 63,000 barrels per day compared to the demand level for this time last year.
- For the week ending Sept. 16, Midwest propane inventories increased 224,000 barrels. At 25 MMB, Midwest inventories are 3.3 MMB or about 12 percent lower than the 28.3 MMB reported at this time last year.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources' Division of Energy. The Division of Energy collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the division's Web address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; and Missouri's energy retailers. For more information, contact: MO Dept. of Natural Resources, Division of Energy, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443 or (800) 361-4827; Fax: (573) 751-6860; E-mail: energy@dnr.mo.gov; Web Address: www.dnr.mo.gov/energy/transportation/fb.htm